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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

CARL J. KUNASEK
CHAIRMANJIM IRVIN
COMMISSIONERWILLIAM A. MUNDELL
COMMISSIONER

JUN 09 2000

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF
LEGENDS COMMUNICATIONS, INC., FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE COMPETITIVE
INTRALATA/INTERLATA RESOLD
TELECOMMUNICATIONS SERVICES EXCEPT
LOCAL EXCHANGE SERVICES

DOCKET NO. T-03749A-99-0323

DECISION NO. 62626ORDER

Open Meeting
June 6 and 7, 2000
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the
Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On June 17, 1999, Legends Communications, Inc., ("Applicant") filed with Docket
Control of the Commission an application for a Certificate of Convenience and Necessity
("Certificate") to provide competitive intraLATA and interLATA telecommunications services,
except local exchange services, as a reseller within the State of Arizona.

2. In Decision No. 58926 (December 22, 1994), the Commission found that resold
telecommunications providers ("resellers") were public service corporations subject to the
jurisdiction of the Commission.

3. Applicant is a Georgia corporation, authorized to do business in Arizona since 1998.

4. Applicant is a switchless reseller, which purchases telecommunications services from
AT&T, MCI WorldCom, and QWest.

5. On December 13, 1999, the Commissions Utilities Division Staff ("Staff") filed a Staff
Report.

6. In the Staff Report, Staff stated that the Applicant provided financial statements as of

1 December 31, 1998, which indicates assets of \$555,861, negative retained earnings of \$247,370 and
2 total equity of \$108,930. Based on the foregoing, Staff believes that Applicant does not have
3 adequate financial resources to make necessary plant additions or incur operating losses. Since the
4 Applicant does not appear to have sufficient financial resources, it filed a letter on November 9, 1999,
5 stating that it does not currently, and will not in the future, charge its customers for any prepayments,
6 advances, or deposits. If at some future date, the Applicant wants to charge customers any
7 prepayments, advances, or deposits, it must file information with the Commission that demonstrates
8 Applicant's financial viability. Staff believes that if Applicant experiences financial difficulty, there
9 should be minimal impact to its customers. Customers are able to dial another reseller or facilities-
10 based provider to switch to another company.

11 7. The Staff Report stated that Applicant has no market power and the reasonableness of
12 its rates would be evaluated in a market with numerous competitors.

13 8. Staff recommended that:

14 (a) Applicant's application for a Certificate should be approved without a hearing
15 pursuant to A.A.C. R14-2-1106B;

16 (b) Applicant's intrastate toll service offerings should be classified as competitive
17 pursuant to A.A.C. R14-2-1108;

18 (c) Applicant's competitive services should be priced at the effective rates set
19 forth in Applicant's tariffs and the maximum rates for these services should be the
20 maximum rates proposed by Applicant in its tariffs. The minimum rates for
21 applicant's competitive services should be Applicant's long run incremental costs of
22 providing those services as set forth in A.A.C. R14-2-1109;

23 (d) In the event that the applicant states only one rate in its tariff for a competitive
24 service, the rate stated should be the effective (actual) price to be charged for the
25 service as well as the service's maximum rate; and

26 (e) Applicant should be required to comply with the Commission's rules and
27 modify its tariffs to conform with the rules if it is determined there is a conflict
28 between Applicant's tariffs and the Commission's rules.

9. By Procedural Order dated March 22, 2000, the Commission set a deadline of May 17,
2000, for filing exceptions to the Staff Report; requesting that a hearing be set; or requesting
intervention as interested parties.

1 10. On May 17, 2000, the Applicant filed affidavits indicating that it published notice of
2 its filing in all counties where service is to be provided.

3 11. No exceptions were filed to the Staff Report, nor did any party request that a hearing
4 be set.

CONCLUSIONS OF LAW

6 1. Applicant is a public service corporation within the meaning of Article XV of the
7 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

8 2. The Commission has jurisdiction over Applicant and the subject matter of the
9 application.

10 | 3. Notice of the application was given in accordance with the law.

11 4. Applicant's provision of resold intrastate interexchange telecommunications services
12 is in the public interest.

13 5. Applicant is a fit and proper entity to receive a Certificate for providing competitive
14 intrastate interexchange telecommunications services as a reseller in Arizona.

15 6. Staff's recommendations in Findings of Fact No. 8 are reasonable and should be
16 adopted.

ORDER

18 IT IS THEREFORE ORDERED that the application of Legends Communications, Inc. for a
19 Certificate of Convenience and Necessity for authority to provide competitive intraLATA and
20 interLATA telecommunications services, except local exchange services, shall be and the same is
21 hereby granted, except that Legends Communications, Inc., shall not be authorized to charge
22 customers any prepayments, advances, or deposits. In the future if Legends Communications, Inc.,
23 desires to initiate such charges, including, but not limited to prepaid calling cards, it must file
24 information with the Commission that demonstrates the Company's financial viability or establish an
25 escrow account equal to the amount of any prepayments, advances, or deposits. Staff shall review the
26 information provided and file its recommendation concerning financial viability within thirty days of
27 receipt of the financial information, for Commission approval.

28 IT IS FURTHER ORDERED that Legends Communications, Inc shall comply with the Staff

1 recommendations set forth in Findings of Fact No. 8.

2 IT IS FURTHER ORDERED that Legends Communications, Inc shall file modified tari.
3 within 30 days from the effective date of this Decision.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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7  CHAIRMAN  COMMISSIONER
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IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 9TH day of June, 2000.

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BRIAN C. McNEIL
EXECUTIVE SECRETARY

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DISSENT

AG:bbs

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1 SERVICE LIST FOR: LEGENDS COMMUNICATIONS, INC.

2 DOCKET NO. T-03749A-99-0323

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